

Wegner Testimony on Proposed Rulemaking, 68 Fed. Reg. 66648

**DEPARTMENT OF COMMERCE
Patent and Trademark Office**

Testimony of

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concerning the proposed
***Rules of Practice before the
Board of Patent Appeals and Interferences***
68 Fed. Reg. 66648 (November 26, 2003)
via facsimile 703-308-7953.

The present testimony focuses on three paradigms points of the current regulatory process: (1) *The Board versus the Deputy Commissioner* (defying the Director's authority to determine interpretation of the patent case law through the *Manual of Patent Examining Procedure* by declaring the *Manual* "nonbinding" and proposing a rule that discourages citation to the Board of such "nonbinding" authority); (2) *The Board versus the Court* (expressly *requiring* citation to the *United States Patents Quarterly* as an official reporter versus the Federal Circuit *proscription* on citation of that system); and (3) *Expediency vs. Administrative Due Process* (reshuffling the regulations for dealing with new grounds of rejection in an Examiner's Answer).

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Looking macroscopically at the entire rulemaking process, the current rulemaking is no “worse” than many of the rules that have been introduced over the past three or so years. Yet, collectively, the sum of the new rules represents a *mountain* of paperwork and procedures that – particularly within the context of the *present* set of rules – does not collectively *simplify* the patent granting process but often needlessly and geometrically makes it more complex:

Wheels spin but do the *results* that can be achieved from fine-tuning detailed procedures for *one* part of the Board of Patent Appeals and Interferences meet the goal that *all* lawyers should be able to understand an agency’s practice?

To the extent that we are not dealing with technology or arcane patent *statutory* requirements, rules of *any* agency should involve straight-forward procedures that can be easily understood by any lawyer who is a member of a state bar and has completed the normal three years of legal training at an accredited law school. The epitome of the frivolous nature of the present rulemaking is captured by the express requirement on patent litigants *to cite* to one reporter system in pleadings at the Board in express defiance of a completely contradictory rule by the reviewing court *not to cite* to the very same reporter system.

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Only three paradigms have been selected from amongst the many thousands of words of the proposed rulemaking notice. Clearly, the *overall* impact of the rules package is negative in that (a) there does not appear to be any *critical* reform included anywhere in the rules package that is *necessary* to the administration of justice, while (b) the overall package unmistakably and geometrically further complicates and makes more arcane the areas of practice governed by the ever more massive body of rules. It is therefore earnestly suggested that the *entire package* be deferred and considered as part of an overall review of the regulatory process which – by the admission of the PTO itself – has been entirely choked to the point that the PTO in a later rulemaking package is seeking the unprecedented *recertification* of patent attorneys and agents. See *Changes to Representation of Others Before the United States Patent and Trademark Office*, 68 Fed. Reg. 69442 (December 12, 2003).

(1) The Board versus the Deputy Commissioner

Internal conflicts within the PTO are manifested in the new regulations. For example, it is well understood within the examining corps that the *Manual of Patent Examining Procedure* is the Examiner's "bible" and should be cited whenever it is on point, particularly where it summarizes the case law according to the viewpoint of the PTO. Yet, the proposed rules say that in this case the *Manual of Patent Examining Procedure* should *not* be cited. This is stated in proposed 37 CFR § 41.106(b)(4)(ii) that states that "[n]on-binding authority should be used sparingly." It is unmistakable that the target for this rule is the *Manual of Patent Examining Procedure*. See 68

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Fed. Reg. at 66658 (“The citation of secondary authority would be discouraged whenever primary authority exists. For instance, *a citation to the MPEP is unhelpful if the MPEP itself is merely summarizing binding case law.*”) (emphasis added).

Everywhere but under the proposed rules, the *Manual* is given a more exalted status within the PTO as an expression of the *Director's* interpretation of the law that is to be followed by the examining corps. The PTO website informs the public that “[t]he MPEP *** outlines the current procedures which the patent examiners are *required* or *authorized* to follow in appropriate cases in the examination of a patent application.”¹ Where not contrary to statute, an interpretation of procedure in the *Manual* is something “on which the public can rely.”² The PTO leadership has repeatedly stated that the *Manual* sets forth policy and the interpretation of the law that are to be followed by Examiners.³ The Federal Circuit has stated that to the extent the *Manual* does not conflict with a statute or regulation, then the *Manual* is

¹Official PTO guidance on its website, <http://www.uspto.gov/web/offices/pac/dapp/mpepmain.html> (emphasis added).

²*Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1425 (Fed. Cir. 1988)(quoting *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 606 (Fed. Cir. 1985), citing *In re Kaghan*, 387 F.2d 398, 401 (CCPA 1967)) (“The MPEP states that it is a reference work on patent practices and procedures and does not have the force of law, but it ‘has been held to describe procedures on which the public can rely.’”)

³ See *Urologix, Inc. v. Prostalund AB*, 227 F.Supp.2d 1033, 1039 (E.D. Wis. 2002)(“[T]he MPEP is binding on Examiners. See MPEP Introduction (stating that the MPEP rules govern Examiners' decision-making)[.]”). See also *Geneva Pharmaceuticals, Inc. v. Glaxosmithkline PLC*, 189 F.Supp.2d 377, 383 n.7 (E.D. Va. 2002)(citing *Litton Systems Inc. v. Whirlpool Corp* 728 F.2d 1423 (Fed.Cir.1984); *In re Kaghan*, 387 F.2d 398 (CCPA 1967)). (“The Manual of Patent Examining Procedure sets out the published rules that both examiners and applicants must follow during the patent application process. While it does not carry the binding force of law, it has been held that a reviewing court may take notice of its provisions because it is the official interpretation of the PTO's governing set of regulations and statutes.”).

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"entitled to judicial notice as an official interpretation of statutes or regulations[.]"⁴ Furthermore, the *Manual* has been given greater weight than opinions in terms of the Board of Patent Appeals and Interferences – particularly as the Board *by its own statements on the face of on the order of 99.9 % of all of its own opinions* notes that its own opinions are not for citation or otherwise of precedential value. Even as to precedential case law, a Primary Examiner was able to have the Commissioner review a decision of the Board of Patent Appeals and Interferences principally on the basis of a conflict between the Board and the *Manual*.⁵

(2) The Board versus the Federal Circuit

Various arms of the Office are now going in different directions, sometimes at cross purposes with each other – not to mention with the courts. Where this happens, the practice becomes more arcane and specialized and makes it more difficult for practitioners from the general bar to practice in the patent arena. Change for the sake of creating arcane practices is no better exemplified than in the creation of a rule for *contested* cases that *requires* citation to the *United States Patents Quarterly* – just as

⁴ *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1180 n. 10 (Fed.Cir.1995).

⁵ *In re Alappat*, 33 F.3d 1526, 1531 (Fed. Cir. 1994)(en banc)("The Examiner *** requested reconsideration of th[e] decision [by the three member panel of the Board reversing his rejection], pursuant to section 1214.04 of the *Manual of Patent Examining Procedure* (MPEP), stating that the panel's decision conflicted with PTO policy." Whereupon, the Commissioner granted reconsideration with a Board packed with himself and other political appointees to reach the opposite result of the three member panel, ultimately reversed in the Federal Circuit appeal.).

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the United States Court of Appeals for the Federal Circuit has *proscribed* such citations.

For *contested* cases but presumably not others, the PTO would *require* citation to the *United States Patents Quarterly*. See Fed. Reg. at 66684, proposed 37 CFR § 41.106(b)(4)(i)(B) (“Citations to authority must include –Parallel citation of cases to both the West Reporter System and to the United States Patents Quarterly whenever a case is published in both.”) The purported rationale is that “[p]arallel citation to a West Company reporter and to the United States Patents Quarterly, particularly for patent decisions of Federal courts, is the norm in patent law.” *Id.* at 66658. Yet, while this was once true, the modern patent bar has gotten away from the arcane private publication of the *United States Patents Quarterly*; indeed, this past year the United States Court of Appeals for the Federal Circuit has expressly *proscribed* the parallel citation of the *United States Patents Quarterly*. Are litigation-focused attorneys who do not even *own* a copy of the *United States Patents Quarterly* asked to *buy* a set as the price of admission to interference practice? Why do PTO Board members prefer the *United States Patents Quarterly*,⁶ where less than 0.1 % of reported PTO opinions are found in the *United States Patents Quarterly*?⁷

⁶Does the PTO *purchase* this set of parallel reporters for all Board members at great expense to the taxpayer, considering that the Federal Reporter is in any event the reporter of choice for all other agencies and federal Courts? What basis would there be for purchase of such a redundant reporter set for employees? Or, are Board members given reduced price or free print and/or CD copies of the the *United States Patents Quarterly*? The question then would be whether such a gratuity to a federal employee is justified public policy for creating a rule to *require* citation of the *United States Patents Quarterly*.

⁷ A search on Westlaw for decisions from the Patent and Trademark Office beginning with January 1, 2003 up through the date of the search revealed 1391 documents [search conducted on January 4, 2004]; while the *United States Patents Quarterly* for the same time frame for decisions where there is reference to “Board of Patent Appeals and Interferences”

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Why should there be a *different* practice unique for the interference area of the law, particularly where it is directly antithetical to the practice of the United States Court of Appeals for the Federal Circuit? See Federal Circuit Rule 28(e) as amended effective June 12, 2003, that states that citations should be to the *Federal Reporter* and that “[p]arallel citations to any other reporters are discouraged.” Indeed, today the Federal Circuit does *not* include a citation to the *United States Patents Quarterly*. How is one to reconcile the conflicting proposed rule if one quotes from a Federal Circuit case that has citations only to the *Federal Reporter* citation of an internally quoted case; is the quotation to be modified to conform to this regulation?

The *United States Patents Quarterly* has abdicated its role as the primary reporter of decisions from the PTO to Westlaw. The proposed rule is also out of date because a *copy* is to be provided of every opinion that is *not* in the West Reporter System (or, *United States Patents Quarterly*).⁸ Yet, virtually all cases today that can be found by an attorney are put onto Westlaw of the West Reporter System.

So, if the regulations are adopted as proposed, we would have the case that in *contested* cases at the PTO the *United States Patents Quarterly* would be a mandatory parallel reporter, where this is not the case in other parts of

showed only eighteen (18) hits, i.e., 0.1 % of the opinions found in the Federal Reporter are found in the *United States Patents Quarterly*.

⁸ See proposed 37 CFR § 41.106(b)(4)(ii) (“If the authority [that is cited] is not an authority of the Office and is not reproduced in one of the reporters listed in [37 CFR § 41.106](c)(4)(i) of this section, a copy of the authority should be filed with the first paper in which it is cited.”).

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the PTO and where the Federal Circuit *expressly discourages* citation of the *United States Patents Quarterly*.

(3) Expediency versus Administrative Due Process

The example which follows demonstrates the creation of an entirely new set of regulations to address an internal problem within the Office that amounts to little more than reshuffling the procedures without meaning, *if the patent applicant and his counsel are aware of the rules changes*.

Today, if there is a new ground of rejection in the Examiner's Answer, the case should be remanded to the Examiner for further prosecution. Under a convoluted set of rules changes, the same result would be obtained – but if the patentee is not vigilant to the new rules changes he may lose his appeal.

The practice today is that a Patent Examiner is encouraged to have clean office actions that can result in the smooth processing of appeals *without* raising new issues at the late stage of an Examiner's Answer. There have apparently been too many cases where Examiners have *not* presented the best arguments or rejections before the time of an Examiner's Answer, which is understandable when one considers that at the stage of the Examiner's Answer one of the best and brightest of the examining corps is for the first time brought into the appeals process as a *conferee* to an Appeal Conference. Where the conferee discovers a better ground of rejection, the

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solution has been for prosecution to be *reopened* with the appeal withdrawn and further prosecution before the Examiner.

This obviously slows matters up in terms of reaching disposal goals, which has resulted in the expedient proposal that appeals *should go forward even with new grounds of rejection* in the Examiner's Answer. This is now spelled out in proposed 37 CFR § 41.39(a)(2), *Examiner's answer*, which is proposed to provide that "[a]n examiner's answer may include a new ground of rejection."⁹ But, if the applicant reacts promptly, he is given the opportunity to answer the new ground of rejection, as per 37 CFR § 41.39(b). There, it is provided that "[i]f an examiner's answer contains a new ground of rejection, appellant must within two months from the date of the examiner's answer exercise one of the following two options to avoid sua sponte dismissal of the appeal as to the claims subject to the new ground of rejection[.]"¹⁰

⁹The PTO provides a somewhat different answer in its official commentary accompanying the rules proposal: "Proposed § 41.39(a)(2) would permit a new ground of rejection to be included in an examiner's answer eliminating the current prohibition of new grounds of rejection in examiner's answers. Many appellants are making new arguments for the first time in their appeal brief (apparently stimulated by a former change to the appeal process that inserted the prohibition on new grounds of rejection in the examiner's answer). Because the current appeal rules only allow the examiner to make a new ground by reopening prosecution, some examiners have allowed cases to go forward to the Board without addressing the new arguments. Thus, the proposed revision would improve the quality of examiner's answers and reduce pendency by providing for the inclusion of the new ground of rejection in an examiner's answer without having to reopen prosecution. By permitting examiners to include a new ground of rejection in an examiner's answer, newly presented arguments can now be addressed by a new ground of rejection in the examiner's answer when appropriate. Furthermore, if new arguments can now be addressed by the examiner by incorporating a new ground of rejection in the examiner's answer, the new arguments may be able to be addressed without reopening prosecution and thereby decreasing pendency."

¹⁰The official commentary states that "[p]roposed paragraph (b) of this rule would specify the options available to an appellant who has received a new ground of rejection, including the option to request and have prosecution reopened before the examiner. The proposed change to permit new grounds of rejection in examiner's answers would not be open-ended but is

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If the patent applicant is up on the new rules topic, he can still get the case reopened; thus, the first option is 37 CFR § 41.39(b)(1), *Reopen prosecution*: Here, appellant may “[r]equest that prosecution be reopened before the primary examiner by filing a reply under § 1.111 of this title with or without amendment or submission of affidavits (§§ 1.130, 1.131 or 1.132 of this title) or other evidence. Any amendment or submission of affidavits or other evidence must be relevant to the new ground of rejection. A request that complies with this paragraph will be entered and the application or the patent under ex parte reexamination will be reconsidered by the examiner under the provisions of § 1.112 of this title. Any request that prosecution be reopened under this paragraph will be treated as a request to withdraw the appeal.” The second option is 37 CFR § 41.39(b)(1), *Maintain appeal*: Here, the appellant may “[r]equest that the appeal be maintained by filing a reply brief as set forth in § 41.41. Such a reply brief must address each new ground of rejection as set forth in § 41.37(c)(1)(vii) and should follow the other requirements of a brief as set forth in § 41.37(c). A reply brief may not be accompanied by any amendment, affidavit (§§ 1.130, 1.131 or 1.132 of this title) or other evidence. If a reply brief filed pursuant to this section is

envisioned to be rare, rather than a routine occurrence. The Office plans to issue instructions that will be incorporated into the MPEP requiring that any new ground of rejection made by an examiner in an answer must be approved by a management official such as a Technology Center Director and that any new ground of rejection made in an answer be prominently identified as such. It is the further intent of the Office to provide guidance to examiners that will also be incorporated into the MPEP as to what circumstances, e.g., responding to a new argument or new evidence submitted prior to appeal, would be appropriate for entry of a new ground of rejection in an examiner's answer rather than the reopening of prosecution. Where, for example, a new argument(s) or new evidence cannot be addressed by the examiner based on the information then of record, the examiner may need to reopen prosecution rather than apply a new ground of rejection in an examiner's answer to address the new argument(s) or new evidence. Paragraph (b)

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accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under [37 CFR § 41.39](b)(1)[.].”

* * *

The few examples given, here, are provided only to illustrate the problems that are more generally faced with the massive regulatory changes that have taken place in the past very few years – and which threaten to further swamp Patent Examiners and practitioners alike with a maze of sometimes conflicting and ever more confusing regulations; this has driven the PTO to the unprecedented proposal to have a *recertification* process for practitioners. Before even thinking about going further in that direction, it makes far more sense to take a deep administrative breath, go back to the drawing boards, and *simplify* the regulatory morass into which current PTO practice has sunk.

Respectfully submitted,

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of § 41.39 would provide the appellant two options when a new ground of rejection in an examiner's answer is made, including the option of having prosecution reopened.”